



BSM/FAS Convergence

September 28, 2004



The DLA Enterprise



FY 02 Sales/Services:

\$21.5B

FY 03 Sales/Services:

\$25.0B

FY 04 Projection:

\$28.9B

- **Energy:** \$ 5.2B
- **Distribution:** \$ 2.2B
- **Other:** \$ 1.4B

Foreign Military Sales

- **Sales:** \$719M
- **Shipments:** 580K
- **Supporting** 124 Nations

Scope of Business

- **45,000 Requisitions/Day**
- **8,200 Contracts/Day**
- **#54 Fortune 500 - Above Northrop Grumman**
- **#2 in Top 50 Distribution Warehouses**
- **24 Distribution Depots**
- **5.2 Million Items**
- **24.7M Annual Receipts and Issues**
- **1411 Weapon Systems Supported**
- **147.7M Barrels Fuel Sold (FY03)**
- **\$12.5B Annual Reutilizations/Disposals**

People

- **21,490 Civilians**
- **524 Active Duty Military**
- **637 Reserve Military**
- **Located in 48 States/28 Countries**



Back Ground



- On 1 December 2003 an OSD Program Decision Memorandum directed DLA to:
 1. Add funds to the Business Systems Modernization (BSM) to integrate fuels commodity management with the DLA Business Enterprise Architecture
 2. Eliminate funding for the Fuels Automated System (FAS)



Business Systems Modernization is...



The core of DLA's Enterprise Architecture

- **Major transformation effort:**
 - Provides for creation of an enterprise-wide processes
 - massive change for our workforce,
- **Incorporating Best Practices via Commercial-off-the-Shelf (COTS) based tools**
 - SAP = ERP platform
 - Niche bolt-on products (e.g., Demand Planning = Advance Planning and Scheduling COTS; Procurement = GOTS)
- **BSM replaces 30-year old Materiel Management Systems and our processes embedded in those systems**

Major Reengineering Effort ... from functionally stove-piped segments to cross-cutting Enterprise-wide processes



FAS

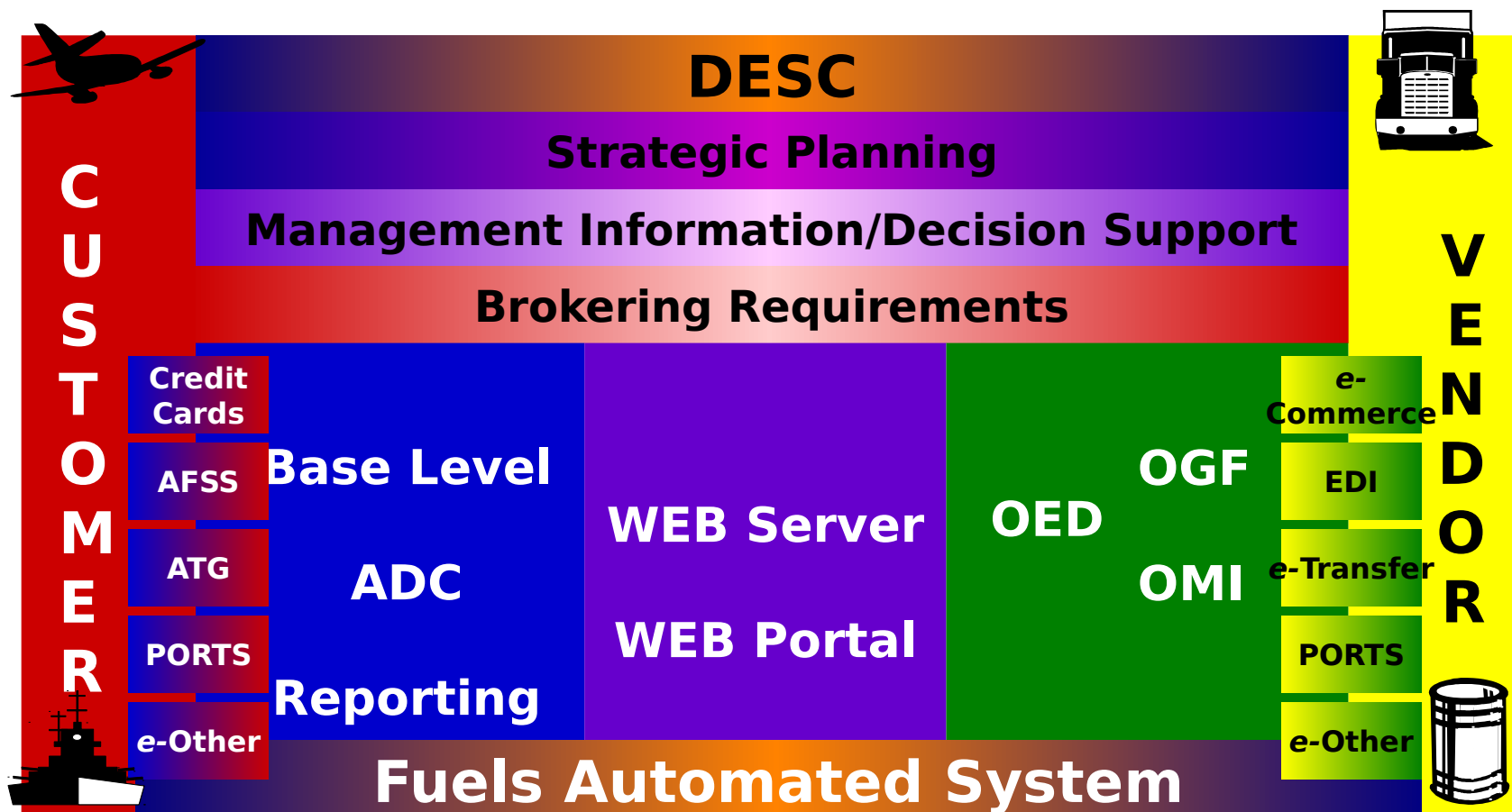


- The FAS Program is to provide an automated material management system for all energy offices that spans from Point-of-Sale to vendor payment. The FAS AIS will support the business functions of acquisition and contract management, supply management, facilities management, financial management, and decisions support.



e - DESC

The Energy Enterprise





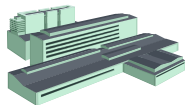
Customer
Processes



Operations



Readiness



Depot
Maintenance



Base/Post
Operations

Standards-based Interoperability

Enterprise Integrated Data Environment

DLA Target Architecture

Web Portal

Security Authentication

Corporate Information Services,
Information, Information Exchange, Reference Data

Customer
Relationship

manugistics

Supply Chain Management

SAP

DPACS/
eProcurement

Financial Management

Distribution
Planning & Mgmt

Enterprise Integrated Data Environment

Standards-based Interoperability



DEFENSE ENERGY SUPPORT CENTER

Supplier/
Partner
Processes



Transportation



Manufacturers



Distributors



Financial
Management



Convergence



**What is
convergence?**



Convergence Overview



DLA has been directed to develop a strategy to converge the Fuels Automated System (FAS) with the agency's Business Systems Modernization (BSM) program.



Project Initiation and Planning



- DLA awarded a contract with Gartner Consulting to conduct a study on BSM/FAS Convergence. In May, the Gartner team met with the DLA project sponsor for the engagement. The objectives, scope and schedule of the engagement was reviewed.



Task 1 -Identification of FAS High Level Functional Requirements and Strategy



- **FAS and BSM program personnel provided Gartner with relevant documentation relating to the convergence effort, including the various FAS component systems. This included functional requirements, budgetary documentation, strategy information, scheduled initiatives.**
- **The BSM/FAS system have requirements in addition to the FAS ORD. Most of this additional functionality will result from the proposed benefits of BSM and FAS convergence. Gartner has reviewed the FAS ORD and work with BSM and FAS personnel to identify these new requirements.**



Task 2 – Market Analysis and Vendor Demonstrations



- **Gartner has conducted a market analysis designed to identify potential alternatives for the integration of FAS functionality within BSM. This market analysis focused on the following factors:**
 - **Alignment with required FAS functionality**
 - **Alignment with BSM strategy**
- **As an integral part of this market analysis Gartner conducted product/vendor demonstrations designed to demonstrate the required functionality needed in the converged system. High-level functional evaluations have been completed for each demonstrated system.**
- **These demonstrations are intended to provide insight into the market offerings and potential alternatives and are not intended to be used for acquisition selection or identifying potential vendors.**



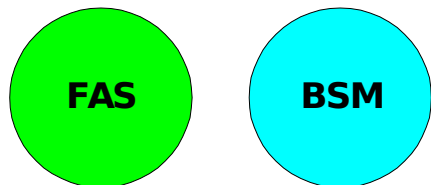
Task 3 - Convergence Alternative Strategies



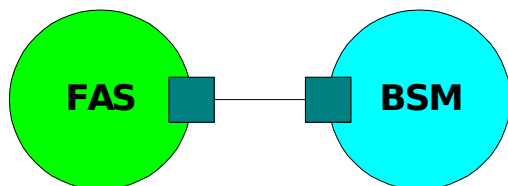
- With an understanding of the functional requirements of the converged BSM / FAS environment and the high-level market analysis, Gartner then focused on the identification of alternatives.
- Gartner used our initial findings and internal body of research to identify the expected costs, schedule and risks of each of these alternatives.



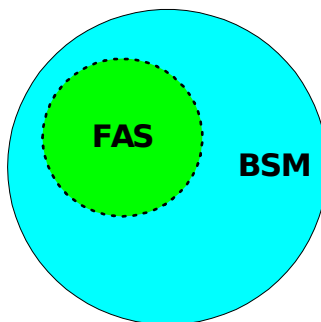
What is convergence? What are the system options?



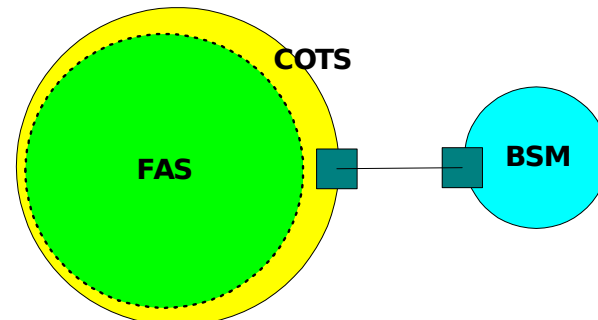
As-Is



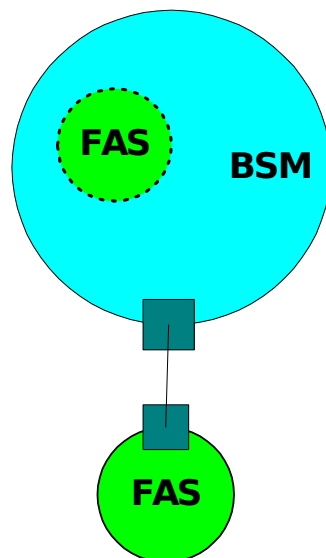
Option 1. Integration of current FAS with BSM. Integration consists of defined data sharing / connectivity. Minimal impact on FAS. FAS continues to develop.



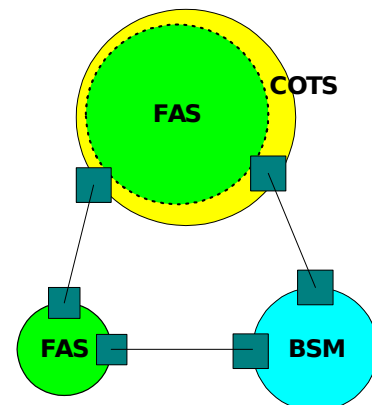
Option 2. Migration of FAS functionality into current BSM. BSM COTS products used to provide the functionality.



Option 3. Migration of FAS into alternative COTS product, which then "bolts-on" to BSM.



Option 2A. Partial migration of FAS functionality into BSM. BSM COTS products used to provide the functionality. Some FAS modules retained.



3A. Partial migration of FAS into alternative COTS; some FAS modules retained; all three systems interface to share data.



Task 4 -Final Analysis and Report Development



- Gartner will develop a report which will include:
 - High-level functional requirements
 - Market Analysis
 - Demonstration Results Summary
 - Targeted Future target environment
 - Analysis of Alternatives



Current Status



- On October 1, 2004 the FAS Program is disestablished and becomes incorporated into the BSM Program as BSM-Energy.
- The Gartner Group will meet with DESC management on October 4, 2004 to discuss the preliminary Analysis of Alternatives in order to make recommendations on Convergence to the DLA PEO and BSM PM.
- DESC will brief the BSM/FAS Convergence Strategy to the DLA Transformation Executive Board.
- The BSM PM will brief the BSM/FAS Convergence Strategy to OSD.